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October 23, 2013

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

**RE: WC Docket Nos. 10-90 and 11-42
Annual Report Pursuant to 47 C.F.R. §§ 54.313 and 54.422**

Dear Ms. Dortch:

Summit Telephone and Telegraph Company of Alaska, Inc. D/B/A Summit Telephone Company ("Summit"), by its authorized representative, files its FCC Form 481 - Carrier Annual Reporting Data Collection Form ("Form 481") in compliance with 47 C.F.R. §§ 54.313 and Section 54.422. The Form 481 has been completed, certified, and submitted to the Universal Service Administrative Company.

Pursuant to the Protective Order released November 16, 2012 (FCC Record DA 12-1857), and in accordance with the Commission's confidentiality rules, Summit here submits redacted public paper copies of its Form 481 before the Commission. Summit also submits, under separate cover, confidential unredacted copies of its Form 481. The financial information in the Form 481 is competitively sensitive and is not normally released to the public.

A copy of Summit's Form 481 has also been submitted to the Regulatory Commission of Alaska pursuant to §§ 54.313(i) and 54.422(c). Please contact me if you have any questions.

Regards,

George Foote
Attorney for Summit Telephone and
Telegraph Company of Alaska, Inc.
d/b/a Summit Telephone Company

Attachment: FCC Form 481 Carrier Annual Reporting Data Collection Form
cc: Summit Telephone and Telegraph Company of Alaska, Inc. d/b/a Summit Telephone Company

No. of Copies rec'd
List ABCDE

0+1

FCC Form 481 - Carrier Annual Reporting Data Collection Form		FCC Form 481 OMB Control No. 3045-0045/OMB Control No. 3045-0045 07/2013
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<010> Study Area Code	613028
<015> Study Area Name	SUMMIT TEL & TEL -AK
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Chris Jacobus
<035> Contact Telephone Number: Number of the person identified in data line <030>	610-928-3905
<039> Contact Email Address: Email of the person identified in data line <030>	cjacobus@icorellc.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report			
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	613028AK310 (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0		
<420> Mobile			
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed			
<450> Mobile			
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> 613028AK510	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> 613028AK610	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 613028
<015> Study Area Name SUMMIT TEL & TEL -AK
<020> Program Year 2014
<030> Contact Name - Person USAC should contact regarding this data Chris Jacobus
<035> Contact Telephone Number - Number of person identified in data line <030> 610-928-3905
<039> Contact Email Address - Email Address of person identified in data line <030> cjacobus@icorellc.com

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒
If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5
<111> year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets
<114> Report how much universal service (USF) support was received
<115> How (USF) was used to improve service quality
<116> How (USF) was used to improve service coverage
<117> How (USF) was used to improve service capacity
<118> Provide an explanation of network improvement targets not met in the prior calendar year.

<010> Study Area Code	613028
<015> Study Area Name	SUMMIT TEL & TEL -AK
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035> Contact Telephone Number - Number of person identified in data line <030>	610-928-1905
<038> Contact Email Address - Email Address of person identified in data line <030>	cjacobus@correlle.com

<701>	Residential Local Service Charge Effective Date	2/1/2013
<702>	Single State-wide Residential Local Service Charge	

[illegible]

<010> Study Area Code	613028
<015> Study Area Name	SUMMIT TEL & TEL -AK
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035> Contact Telephone Number - Number of person identified in data line <030>	610-928-3985
<035> Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorellc.com

10/09/2013

<010>	Study Area Code	613028
<015>	Study Area Name	SUMMIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-1905
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorello.com
<810>	Reporting Carrier	Summit Telephone and Telegraph Co. of Alaska, Inc.
<811>	Holding Company	
<812>	Operating Company	

10/09/2013

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0886/OMB Control No. 3060-0819 JULY 2013
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<010>	Study Area Code	613028
<015>	Study Area Name	SUNHIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-3905
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorellc.com

<910> Tribal Land(s) on which ETC Serves NONE

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

(1100) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	611028
<015>	Study Area Name	SUMMIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-3903
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@cozelle.com

Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers		FCC Form 481
Lifeline		OMB Control No. 3050-0986/OMB Control No. 3050-0819
Data Collection Form		July 2013

<010>	Study Area Code	613026
<015>	Study Area Name	SUMMIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-3905
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorellc.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	613028AK1210
		Name of attached document (.pdf)

<1220>	Link to Public Website	HTTP
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"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2000) Price Cap Carrier Additional Documentation Data Collection Form <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0286/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	513028
<015>	Study Area Name	SUMMIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-3905
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@corellc.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.313(e))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	<input type="checkbox"/>

Name of Attached Document Listing Required Information _____

10/09/2013

Certification - Reporting Carrier Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	613028
<015>	Study Area Name	SUMMIT TEL & TEL -AK
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Chris Jacobus
<035>	Contact Telephone Number - Number of person identified in data line <030>	610-928-3905
<039>	Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorellc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form		FCC Form 381 OMB Control No. 3060-1095/OMB Control No. 3060-1019 July 2013
<010> Study Area Code	613028	
<015> Study Area Name	SUMMIT TEL & TEL -AK	
<020> Program Year	2014	
<030> Contact Name - Person USAC should contact regarding this data	Chris Jacobus	
<035> Contact Telephone Number - Number of person identified in data line <030>	610-928-3905	
<039> Contact Email Address - Email Address of person identified in data line <030>	cjacobus@icorellc.com	

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>ICORE</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	ICORE
Name of Reporting Carrier:	SUMMIT TEL & TEL -AK
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Officer:	Roger Shoffstall
Title or position of Authorized Officer:	President
Telephone number of Authorized Officer:	907-389-1012
Study Area Code of Reporting Carrier:	613028 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	SUMMIT TEL & TEL -AK
Name of Authorized Agent or Employee of Agent:	Chris Jacobus
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Agent or Employee of Agent:	Chris Jacobus
Title or position of Authorized Agent or Employee of Agent:	Manager
Telephone number of Authorized Agent or Employee of Agent:	610-928-3905
Study Area Code of Reporting Carrier:	613028 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

LINE 310

Company: The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code: 613028
Supplemental Data For: Line 310 – Unfulfilled Voice Telephony Service Requests Resolution

Because there were no unfulfilled initial requests for service in the prior calendar year, this line is not applicable. No action plan was needed since all requests for service were fulfilled.

LINE 510

Company :	The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code:	613028
Supplemental Data For:	Line 510 – Service Quality Standards and Consumer Protection Rules Compliance

RATES AND RATE STABILITY

New customers are provided rate information at the time they order service. The rate information is prepared based on tariffs which are on file with the state public utility commission and available for inspection at our office. In addition rates are available on the company website. Notices of rate changes proposed by the Company are communicated to the customers through a bill notice or other comparable means. The Company complies with all state and federal rules applicable to rate changes.

PROVIDE SPECIFIC DISCLOSURES IN ADVERTISING

In advertising of prices for service plans the Company will disclose material charges and conditions related to the advertised prices and services. This notice will provide the potential customer with , including if applicable and to the extent the advertising medium reasonably allows: (1) whether nonrecurring installation charges would apply; (2) the monthly fee associated with the service; (3) whether any additional taxes, fees or surcharges apply; (3) the terms and conditions related to receiving a product or service for "free;" and (4) whether prices or benefits apply only for a limited time or promotional period and, if so, whether any different fees or charges will apply for the remainder of the contract term.

TRUTH-IN-BILLING

The Company has long maintained compliance with the FCC's Truth-in-Billing rules as set forth in 47 CFR 64.2401. In part, this requires the Company's telephone bill must: (1) be accompanied by a brief, clear, non-misleading plain language description of the service or services rendered; (2) identify the service provider associated with each charge; (3) clearly and conspicuously identify any change in

Company :	The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code:	613028
Supplemental Data For:	Line 510 – Service Quality Standards and Consumer Protection Rules Compliance

service provider; (4) contain full and non-misleading descriptions of charges; (5) identify those charges for which failure to pay will not result in disconnection of the customer's basic local service; and (6) provide a toll free number for customers to call in order to lodge a complaint or obtain information.

Customers' bills will distinguish (1) monthly charges for service and features, and other charges collected and retained by the carrier, from (2) taxes, fees and other charges collected by the carrier and remitted to federal state or local governments. The Company will not label cost recovery fees or charges as taxes.

PROVIDE READY ACCESS TO CUSTOMER SERVICE

Customers and potential customers may access customer service by visiting the Company's office or by using a toll-free telephone number during normal business hours. Customer service contact information is available at our business office with regular hours posted on the storefront. In addition, this information is available online and on the monthly invoice rendered by the company.

ABIDE BY POLICIES FOR PROTECTION OF CUSTOMER PRIVACY

The Company complies with all state and federal rules regarding the privacy of customer information. Certification of this compliance is provided annually to the FCC.

RESPONSE TO CONSUMER INQUIRIES AND COMPLAINTS RECEIVED FROM GOVERNMENT AGENCIES

The Company will respond in writing to state or federal administrative agencies within 30 days of receiving written consumer complaints from any such agency. Should the agency require a shorter interval for response, the Company will use its best efforts to expedite the review of the complaint to provide a response which meets the agency-provided target date.

Company :	The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code:	613028
Supplemental Data For:	Line 510 – Service Quality Standards and Consumer Protection Rules Compliance

TERMINATION OF SERVICE

The Company follows the state public utility commission's rules for termination of service.

Service cannot be terminated without advance notice to the customer. If service is being terminated for non-payment, the customer will have the option to establish a payment plan. So long as the customer adheres to the payment plan, service will not be disconnected.

Customers may terminate service at any time and for any reason. The Company does not assess any termination penalty and the customer is simply required to pay for the services which were used while the service was provided.

LINE 610

Company :	The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code:	613028
Supplemental Data For:	Line 610 – Description of Functionality in Emergency Situations

As an initial point, the Company had no service outages during 2012 which met the FCC's threshold for reporting into the Network Outage Reporting System ("NORS").

The Company engages in preventative maintenance programs which help ensure network reliability in all conditions. This includes regular checks on generators, battery back-up, HVAC infrastructure at central office switches, and tree trimming/removal when trees have the potential to take down telephone lines during events of high wind or heavy snow. Access to critical infrastructure (like central office switches) is limited to essential personnel. Spare equipment is maintained in inventory.

Like most local exchange carriers, the Company's network consists of electronic switching equipment and a network of fiber optics and copper facilities. From a switching standpoint, the Company has one primary switch and smaller switches which are fed by the primary switch. These smaller switches are often referred to as intraexchange remote switches or concentrators. The largest threat to switches is the loss of power. To address this, the Company ensures adequate battery back-up is maintained. For emergency situations which extend beyond the useful life of the battery back-up, the Company uses generators to power the switches. These generators are portable which ensures they can be relocated to any switching center based on the specific needs of each switch. In addition, the Company's office will serve as a Command and Control center. This center is included as a primary location to which continuous power is required.

In cases of emergency, the Company's management has contact information for all employees. Depending upon the scope of the emergency, the Company may call-in as many employees as necessary to provide continual telecommunications service. The Company has access to local and regional construction companies which can be called in to supplement the work force if necessary. When poles are down from emergencies, the Company works with other utilities attached to the same poles to expedite the repair or replacement of the infrastructure.

In summation, the Company takes preventative measures to plan for emergency situations and also takes steps to mitigate the risk or duration of such events.

LINE 1010

Company:	The Summit Telephone and Telegraph Co. of Alaska, Inc.
Study Area Code:	613028
Supplemental Data For:	Line 1010 – Description of Voice Services Rate Comparability

Because there were no unfulfilled initial requests for service in the prior calendar year, this line is not applicable. No action plan was needed since all requests for service were fulfilled.

LINE 1210

How do I know if I'm eligible?

You are eligible for the Lifeline and Link Up programs if you participate in one of the programs listed on this application form.

Are there any restrictions?

Lifeline discounts apply toward basic residential telephone service for the main telephone line in a household. Other calling features may be available but they are not covered under the Lifeline discounts.

How do I apply?

Call the telephone company or companies who provide local service in your area. (See back page.)

Complete this application and call your local telephone company.

Adak Telephone Utility
222-0844 or (868) 328-4222

AT&T Alascom—Local Service
(800) 252-7268

Alaska Communications System
(800) 478-7121

Alaska DigiTel
274-3114

Alaska Telephone Company
(800) 982-0136, ext. 119

Arctic Slope Telephone Association Cooperative
(800) 478-6409

Bettles Telephone Company
(800) 982-0136, ext. 119

Bristol Bay Telephone Cooperative
(800) 478-9100

Bush-Tell
(907) 675-4311

Copper Valley Telephone Cooperative
(907) 835-2231

Cordova Telephone Cooperative
(907) 424-2345

GCI—Local Service
(800) 800-4800

Interior Telephone Company (TelAlaska)
(800) 478-3127

Keetchikan Public Utilities
(907) 225-1000

Matanuska Telephone Association
(800) 478-3211

Mukluk Telephone Company (TelAlaska)
(800) 478-7055

North Country Telephone Company
(800) 982-0136, ext. 119

Nushagak Electric & Telephone Cooperative
(907) 842-5251

OTZ Telephone Cooperative
(800) 478-3111

Summit Telephone Company
(907) 389-1012

United Utilities & United-KUC
(800) 478-2020

Yukon Telephone Company
(800) 478-2556

Lifeline & Linkup

*Alaskans
can live
without a
lot of
things.*

*A phone
shouldn't be
one of them.*

What is Lifeline and Link Up?

Lifeline is a program that offers discounts to qualified telephone customers on their basic monthly residential telephone service.

Link Up is a program that provides discounts on the installation of telephone service.

Lifeline discounts apply to basic residential telephone service.* You can learn more about rates for basic service by calling the telephone company or companies who provide local service in your area. (See back page.)

*Other features may be available but they are not covered under Lifeline discounts.

Toll blocking is available to Lifeline customers free of charge. Toll blocking allows customers to block incoming and outgoing long distance calls. For more details on restrictions available, talk to your local phone company.

Produced as a public service by the Regulatory Commission of Alaska (RCA) and the Alaska Universal Service Administrative Company
03/07

Application for Lifeline and/or Link Up Service in Alaska

Present to local telephone company

Name: _____

(please print)

Address (Location of Service): _____

Telephone Number: _____

Date of Application: _____

Criteria for Application

Lifeline assistance is provided to low income residential customers who meet the following criteria for assistance. The applicant must become a customer with his or her local telephone company and must reside at the location for which the telephone service is provided. This assistance applies to single line residential service only. The applicant must meet the eligibility criteria established by the FCC and RCA to qualify for such support. The qualifying customer will sign below under penalty of perjury that he/she receives benefits from one of the listed programs below. In signing, the customer also agrees to notify the telephone company if he/she ceases to participate in the qualifying program or programs. The telephone company reserves the right to verify or request verification of participation in the qualifying program or programs the customer designates.

I participate in the following program or programs:

- ☐ Supplemental Security Income
- ☐ Medicaid
- ☐ Federal Public Housing Assistance
- ☐ Food Stamps
- ☐ Low-income Home Energy Assistance Program
- ☐ Bureau of Indian Affairs General Assistance Program
- ☐ Tribally administered Temporary Assistance for Needy Families
- ☐ Head Start (only those meeting its income qualifying standard)
- ☐ National School Lunch Program's free lunch program
- ☐ State of Alaska Public Assistance Programs
- ☐ Any other means test social service program administered by the state or federal government.

Please fill in qualifying program if not listed above

In order to qualify for the Lifeline/Linkup assistance program, I certify, under penalty of perjury, that I am a participant in the program or programs I have indicated above. I authorize the appropriate agency to release recipient status information requested by the telephone company for verification of my participation in the program(s) I have indicated. Persons or organizations that may be contacted include, but are not limited to, the Alaska Department of Health and Social Services Assistance, Social Security Administration, Bureau of Indian Affairs, and any other organization that administers any of the programs listed above. I agree that I will notify the telephone company immediately if I cease to participate in the qualifying program or programs.

Applicant Signature: _____

Social Security Number:
(optional) _____

LINE 3026

**THE SUMMIT TELEPHONE AND TELEGRAPH
COMPANY OF ALASKA, INC.**

(A WHOLLY-OWNED SUBSIDIARY OF REMOTE CONTROL, INC.)

Financial Statements

Years Ended December 31, 2012 and 2011



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TOP AND BUSINESS CONSULTANTS

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Financial Statements

Years Ended December 31, 2012 and 2011

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GRAS AND BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Summit Telephone and Telegraph Company of Alaska, Inc.
Fairbanks, Alaska

We have audited the accompanying financial statements of The Summit Telephone and Telegraph Company of Alaska Inc. (a State of Alaska corporation), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Summit Telephone and Telegraph Company of Alaska Inc. as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AKT LLP

Salem, Oregon
May 17, 2013

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AKT LLP

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Balance Sheets

December 31, 2012 and 2011

ASSETS

2012

2011

Current Assets:

Cash and cash equivalents

Accounts receivable

Materials and supplies

Prepayments

Total Current Assets

Investments

Property, Plant, and Equipment:

Plant in service

Plant under construction

Less accumulated depreciation

Property, Plant, and Equipment, net

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Current maturities of long-term debt

Accounts payable

Accrued expenses

Customer deposits

Total Current Liabilities

Long-Term Debt, net of current portion

Other Liabilities and Deferred Credits:

Payable to affiliate

Deferred income taxes

Total Other Liabilities and Deferred Credits

Stockholder's Equity

Common stock, no par value, 10,000 shares authorized,

1,347 shares issued and outstanding

Additional paid-in capital

Retained earnings

Total Stockholders' Equity

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Statements of Income

Years Ended December 31, 2012 and 2011

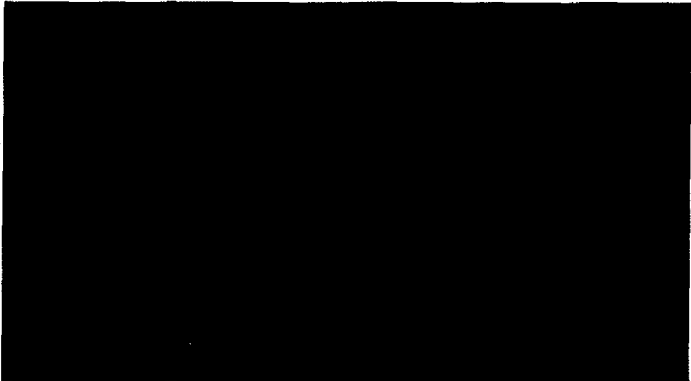
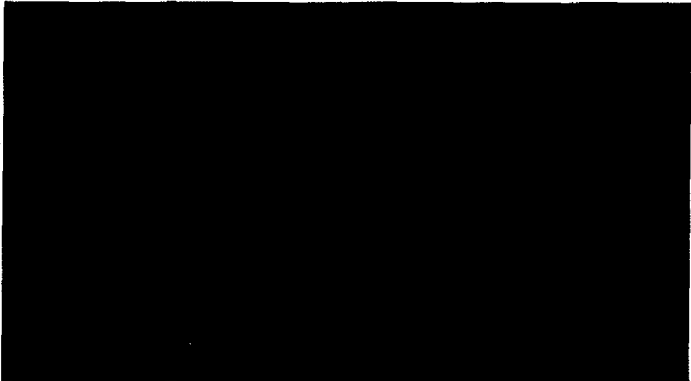
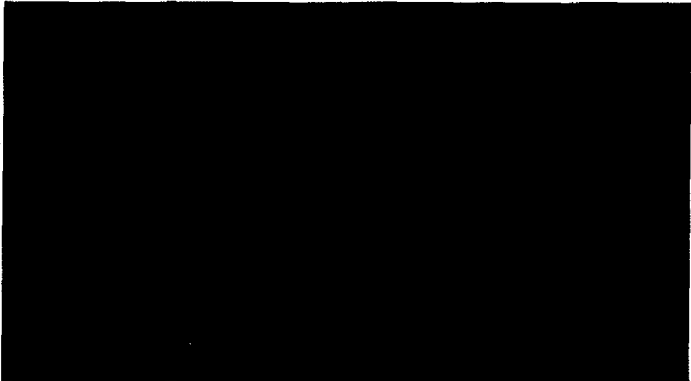
	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Local network service		
Network access service		
Miscellaneous		
Total Operating Revenues		
Operating Expenses:		
Plant specific operations		
Plant nonspecific		
Customer operations		
Corporate operations		
Depreciation and amortization		
Total Operating Expenses		
Operating Taxes:		
Income tax expense		
Other operating tax		
Total Operating Expenses and Taxes		
Operating Income		
Other Income		
Income Before Interest Expense		
Interest Expense		
Net Income		

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Statements of Changes in Stockholder's Equity

Years Ended December 31, 2012 and 2011

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2010				
Dividends				
2011 net income				
Balance, December 31, 2011				
Dividends				
2012 net income				
Balance, December 31, 2012				

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.**Statements of Cash Flows**

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Patronage allocations		
Changes in assets and liabilities:		
Accounts receivable		
Materials and supplies		
Prepayments		
Accounts payable		
Accrued expenses		
Customer deposits		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Additions to property, plant, and equipment		
Proceeds from sales of property, plant, and equipment		
Patronage dividends and investment principal received		
Net Cash Used by Investing Activities		
Cash Flows from Financing Activities:		
Payments on long-term debt		
Advances from (payments to) affiliate		
Dividends paid		
Net Cash Used by Financing Activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning		
Cash and Cash Equivalents, ending		
Cash Paid During the Year For:		
Interest - net of amounts capitalized		

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.**Notes to Financial Statements**Years Ended December 31, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies**Organization**

The Summit Telephone and Telegraph Company of Alaska, Inc., dba Summit Telephone Company, (the Company), is a local exchange telephone company organized under the laws of the state of Alaska. The Company provides local exchange telecommunication services to approximately 250 access lines in three exchanges in interior Alaska, including the Chatanika, Steese, Chena Hot Springs, Elliot Highway, and Coldfoot areas. The Company is a wholly-owned subsidiary of Remote Control, Inc. (the Parent).

Regulations

The Company is subject to the accounting and rate regulations of the Regulatory Commission of Alaska (RCA), and maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the Federal Communications Commission (FCC). As a result, the application of accounting principles generally accepted in the United States by the Company differs in certain respects from the application by nonregulated entities. Such differences primarily relate to the time at which certain items enter into the determination of net income.

The Company is subject to limited regulation by the FCC and the RCA regarding the provision of telecommunication services.

Regulatory and legislative actions, as well as future regulations could have a significant impact on the Company's future operations and financial condition. See Note 1, National Broadband Plan and FCC order.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates involve judgments with respect to numerous factors that are beyond management's control. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash investments purchased with an original maturity of 3 months or less and that are readily convertible to known amounts of cash to be cash equivalents.

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits, which is generally [REDACTED] per account holder per bank. The Company has no uninsured cash as of December 31, 2012 or 2011. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Company provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are charged to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Materials and Supplies

Materials and supplies are stated at the lower of weighted average cost or market.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Investments

Investments are stated at cost and consist of assigned patronage and subordinated capital certificates from the Rural Telephone Finance Cooperative (RTFC). As a condition of the Company's debt described in Note 4, the Company is required to hold capital certificates in RTFC.

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, accounts payable, and mortgage and notes payable. The Company estimates that the fair value of all of these non-derivative financial instruments at December 31, 2012 and 2011 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, including direct labor, materials, freight, and indirect overhead costs. Maintenance and repairs are charged to operations when incurred. Renewals and betterments are capitalized. The Company provides for depreciation on a straight-line basis over the estimated useful lives of the classes of equipment, buildings, and plant in accordance with rates consistent with industry standards and approved by the RCA. Costs of regulated plant retired are eliminated from utility plant accounts and such costs plus removal expenses, less salvage, are charged to accumulated depreciation.

Upon retirement, sale, or other disposition of nonregulated property, plant, and equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

For construction projects lasting longer than 1 year, the Company follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. In 2012, total interest incurred was [REDACTED] in 2011), of which [REDACTED] was capitalized [REDACTED] in 2011).

Local Service Charges

Revenues are recognized as service is rendered. Monthly service fees derived from basic and local service are billed in advance.

Network Access Revenue

Network access revenue for intralata and interlata toll services is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Company, charge the long distance carrier for access and interconnection to local facilities. The Company follows access tariffs filed with the RCA and FCC for these charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are divided into traffic sensitive, nontraffic sensitive, and billing and collecting portions. The revenues are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Company. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investment maintained. The Company participates in pooling arrangements with the National Exchange Carrier Association (NECA) and the Alaska Exchange Carrier Association (AECA).

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months after the close of the related calendar year for the NECA pools, are recorded in the year in which such adjustments become determinable, based upon studies by an outside consultant.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenue, continued

In addition to recoveries from NECA and AECA, the Company also receives revenues from the Universal Service High Cost Loop Fund administered by the Universal Service Administration Company (USAC). Amounts received from USAC are based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop as determined by the FCC, and are included in network access revenues in the accompanying financial statements.

In 2012, the Company received [REDACTED] from the USAC High Cost Loop Fund [REDACTED] in 2011) and [REDACTED] in interstate access revenues administered through the NECA Pool ([REDACTED] in 2011).

National Broadband Plan and FCC Order 11-161

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than on the current Universal Service High Cost Loop Fund administered by USAC.

In response to the plan, on October 27, 2011 the FCC approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms. The Order, among other things, caps the federal universal service fund at current levels and reforms the current system by putting various limits on capital and operating spending, requiring minimum levels for local rates and capping the per-line support amount at [REDACTED] per month. As of December 31, 2012 the Company is not subject to the [REDACTED] per line support cap.

The Order also reforms the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Company is 9 years. Recovery will be calculated initially based on the fiscal year 2011 interstate switched access revenue requirement and will decline annually by 5% during the transition period, which began July 1, 2012.

The Order includes the adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues. The Order was effective December 29, 2011, and implementation began on July 1, 2012.

As of the implementation date, July 1, 2012, the Company is subject to the 5% annual decline in interstate switched access revenue requirement during the 9 year transition period. For the period ended December 31, 2012 the impacts to the Company have not been significant.

The overall reform process takes place in phases and will take several years to implement. Further, the Order includes a Further Notice of Proposed Rulemaking and seeks comments on various items. The ultimate outcome of these proceedings and their impact is uncertain at this time.

Taxes Imposed by Governmental Authorities

The Company is subject to taxes assessed by various governmental authorities on many different types of revenue transactions with its customers. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Note 3 - Property, Plant, and Equipment

Listed below are the major classes of property, plant, and equipment and their related annual composite depreciation rates:

	Percent	2012	2011
General support facilities			
Central office equipment			
Information origination/termination equipment			
Cable and wire facilities			

Note 4 - Long-Term Debt

Long-term debt at December 31 consists of the following:

	2012	2011
7.00% to 7.75% mortgage notes payable to RTFC in quarterly installments of [REDACTED], principal and interest, collateralized by substantially all real and personal property, matures February 2021.		
7.50% note payable to Mt. McKinley Bank in monthly installments of [REDACTED], principal and interest, collateralized by a deed of trust, paid in full in 2012.		
6.00% note payable to Denali Escrow in monthly installments of [REDACTED], principal and interest, collateralized by a deed of trust, matures February 2015.		
8.25% note payable to Spirit of Alaska Credit Union in monthly installments of [REDACTED] principal and interest, collateralized by two snowmobiles, paid in full in 2012.		
6.50% note payable to Credit Union 1 in monthly installments of [REDACTED] principal and interest, collateralized by a vehicle, matures May 2014.		
9.99% note payable to GMAC in monthly installments of [REDACTED], principal and interest, collateralized by a vehicle, matures December 2013.		
0% note payable to GMAC payable in monthly principal installments of [REDACTED] collateralized by a vehicle, paid in full in 2012.		
Less Current Portion		
Total Long-Term Debt		

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Note 4 - Long-Term Debt, continued

To reflect the time value of money, the liability recorded in the financial statements for the 0% note payable to GMAC has been discounted at an imputed interest rate of 6.5%, which was based on current borrowing rates at the time the note was issued. At December 31, 2012, the net unamortized discount was \$0 (in 2011).

During 2007, the Parent contracted to purchase work equipment for the benefit of the Company. In addition, the majority shareholder contracted to purchase vehicles and other work equipment for the benefit of the Company. The Company is making the monthly payments to the lenders and is using the vehicles and other work equipment for its regulated operations. Management believes that, despite the named parties on the contracts, the substance of the transactions indicates that the Company has purchased the assets and incurred the liabilities. Accordingly, the assets and debt have been recorded on the books of the Company.

The long-term debt agreement with RTFC contains restrictions on the payment of dividends and the maintenance of defined amounts of working capital after payment of dividends. The long-term debt agreement also contains requirements regarding debt service coverage and other financial ratios, and the timely remittance of semiannual financial information and annual audited financial statements. For the years ended December 31, 2012 and 2011, the Company was in compliance with all requirements.

Future maturities of long-term debt are as follows:

2013
2014
2015
2016
2017
Thereafter

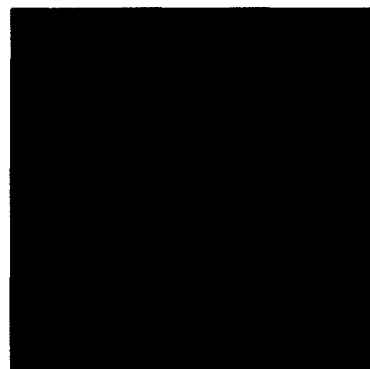
Total



Note 5 - Income Taxes

Income tax expense (benefit) for the years ended December 31 consists of the following:

	2012	2011
Current:		
Federal		
State		
Benefit of Net Operating Loss Carry Backs and Carry Forwards:		
Federal		
State		
Deferred:		
Federal		
State		
Income Tax Expense		



The provision for income taxes differs from the amount computed by applying the current statutory federal and state income tax rates to earnings before income taxes due to the effects of state taxes (net of federal benefit), nondeductible items, net operating loss deductions, prior year over or under accruals, and the use of accelerated depreciation for income tax purposes.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Note 5 - Income Taxes, continued

Deferred tax expense is provided for temporary differences in the recognition of revenues and expenses for tax and financial statement purposes.

Deferred income tax asset (liability) consists of the following:

	2012	2011
Tax depreciation in excess of financial statement depreciation		
Accrued paid time off		
Accrued officer compensation		
Net operating losses		
Deferred Tax Liability		

The Company has fully utilized all net operating loss carryforwards.

Note 6 - Related Party Transactions

Accounts receivable includes [REDACTED] in unsecured, non-interest bearing advances to an officer of the Company as of December 31, 2012 and 2011. Accrued expenses include [REDACTED] in accrued officer compensation as of December 31, 2012 and 2011, respectively, as well as [REDACTED] of accounts payable to an officer of the Company as of December 31, 2012 and 2011.

The Company leases office facilities from an officer of the Company for [REDACTED] per month [REDACTED] in 2011). The lease term expires December 31, 2018. Future minimum lease payments associated with the office facilities for the 5 years subsequent to December 31, 2012 are as follows:

2013	
2014	
2015	
2016	
2017	

Lease expense for the year ended December 31, 2012 amounted to [REDACTED] in 2011).

The amount reflected in the accompanying balance sheets as payable to affiliate represents the net amount due to the parent.

Note 7 - Guaranty Obligations

At December 31, 2012, the Company is guarantor of [REDACTED] in long-term debt owed by the Parent to RTFC. The guarantee is from the purchase of the Company's stock by the Parent in 2000. The Company has secured the Parent's debt with its assets and would be required to perform in the event of the Parent's default on the debt. The Company is currently paying dividends to the Parent on a monthly basis in amounts required to service the Parent's debt payments and other operating expenses. The debt includes interest at 7.50% until maturity in May 2015.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

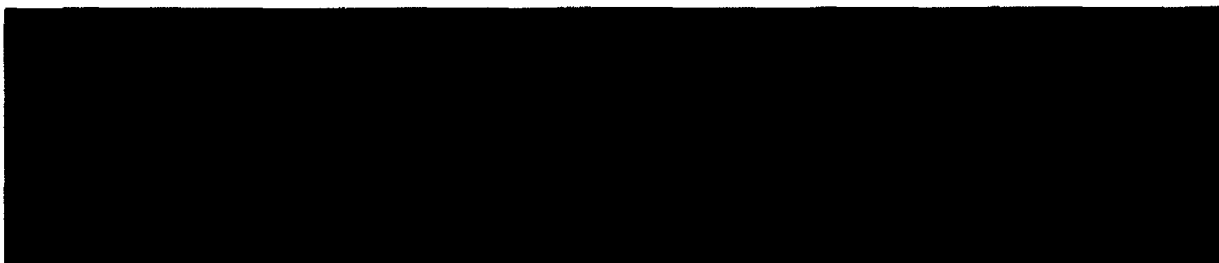
Note 8 - Pension Plans

Simplified Employee Pension - The Company has a Simplified Employee Pension (SEP) retirement plan. For the years ended December 31, 2012 and 2011, the Company made contributions totaling [REDACTED] of the employees' compensation for all eligible employees who worked for the Company 3 months or more. Total pension cost, including amounts charged to construction for 2012 and 2011 amounted to [REDACTED] and [REDACTED], respectively.

Savings Plan - The Company also has a 401(k) Savings Plan, through the National Telephone Cooperative Association (NTCA). Regular full-time employees who have worked for the Company 3 months or more are eligible to participate in the Savings Plan, which is a tax-qualified defined contribution plan under section 401(k) of the Internal Revenue Code. The Company matches 100% of the employee's contribution up to the first 4% of the employee's compensation. All contributions, including the Company match, are made in cash. Employer contributions, including amounts charged to construction, for 2012 and 2011 amounted to [REDACTED] and [REDACTED] respectively.

Note 9 - Contingencies

The Company is involved in various regulatory and other legal matters arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.



**THE SUMMIT TELEPHONE AND TELEGRAPH
COMPANY OF ALASKA, INC.**
(A WHOLLY-OWNED SUBSIDIARY OF REMOTE CONTROL, INC.)

Financial Statements

Years Ended December 31, 2011 and 2010



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OPERATIONS AND BUSINESS CONSULTANTS

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Financial Statements

Years Ended December 31, 2011 and 2010

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CPAS AND BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Summit Telephone and Telegraph Company of Alaska, Inc.
Fairbanks, Alaska

We have audited the accompanying balance sheets of The Summit Telephone and Telegraph Company of Alaska, Inc., dba Summit Telephone Company (the Company, and a wholly-owned subsidiary of Remote Control, Inc.) as of December 31, 2011 and 2010 and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Summit Telephone and Telegraph Company of Alaska, Inc. as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

AKT LLP

Salem, Oregon
March 28, 2012

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AKT LLP

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.**Balance Sheets**

December 31, 2011 and 2010

ASSETS20112010

Current Assets:

Cash and cash equivalents

Accounts receivable

Materials and supplies

Prepayments

Total Current Assets

Investments

Property, Plant, and Equipment:

Plant in service

Plant under construction

Less accumulated depreciation

Property, Plant, and Equipment, net

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Current maturities of long-term debt

Accounts payable

Accrued expenses

Customer deposits

Total Current Liabilities

Long-Term Debt, net of current portion

Other Liabilities and Deferred Credits:

Payable to affiliate

Deferred income taxes

Total Other Liabilities and Deferred Credits

Stockholder's Equity

Common stock, no par value, 10,000 shares authorized,

1,347 shares issued and outstanding

Additional paid-in capital

Retained earnings

Total Stockholders' Equity

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Statements of Income

Years Ended December 31, 2011 and 2010


	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Local network service		
Network access service		
Miscellaneous		
Total Operating Revenues		
Operating Expenses:		
Plant specific operations		
Plant nonspecific		
Customer operations		
Corporate operations		
Depreciation and amortization		
Total Operating Expenses		
Operating Taxes:		
Income tax expense		
Other operating tax		
Total Operating Expenses and Taxes		
Operating Income		
Other Income		
Income Before Interest Expense		
Interest Expense		
Net Income		

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Statements of Changes in Stockholder's Equity

Years Ended December 31, 2011 and 2010

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2009				
Dividends				
2010 net income				
Balance, December 31, 2010				
Dividends				
2011 net income				
Balance, December 31, 2011				

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Statements of Cash Flows

Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Patronage allocations		
Changes in assets and liabilities:		
Accounts receivable		
Materials and supplies		
Prepayments		
Accounts payable		
Accrued expenses		
Customer deposits		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Additions to property, plant, and equipment		
Proceeds from sales of property, plant, and equipment		
Patronage dividends and investment principal received		
Net Cash Used by Investing Activities		
Cash Flows from Financing Activities:		
Payments on long-term debt		
Advances from (payments to) affiliate		
Dividends paid		
Net Cash Used by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning		
Cash and Cash Equivalents, ending		
Cash Paid During the Year For:		
Interest - net of amounts capitalized		

See accompanying notes to financial statements.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Summit Telephone and Telegraph Company of Alaska, Inc., dba Summit Telephone Company, (the Company), is a local exchange telephone company organized under the laws of the state of Alaska. The Company provides local exchange telecommunication services to approximately 250 access lines in three exchanges in interior Alaska, including the Chatanika, Steese, Chena Hot Springs, Elliot Highway, and Coldfoot areas. The Company is a wholly-owned subsidiary of Remote Control, Inc. (the Parent).

Regulations

The Company is subject to the accounting and rate regulations of the Regulatory Commission of Alaska (RCA), and maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the Federal Communications Commission (FCC). As a result, the application of accounting principles generally accepted in the United States by the Company differs in certain respects from the application by nonregulated entities. Such differences primarily relate to the time at which certain items enter into the determination of net income.

The Company is subject to limited regulation by the FCC and the RCA regarding the provision of telecommunication services.

Recent pending and future regulatory and legislative actions, including the FCC's proposed National Broadband Plan and Report and Order and Further Notice of Proposed Rule Making, may have a significant impact on the Company's future operations and financial condition.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates involve judgments with respect to numerous factors that are beyond management's control. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash investments purchased with an original maturity of 3 months or less and that are readily convertible to known amounts of cash to be cash equivalents.

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits, which is generally [REDACTED] per account holder per bank. The Company has no uninsured cash as of December 31, 2011 or 2010. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Company provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are charged to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Materials and Supplies

Materials and supplies are stated at the lower of weighted average cost or market.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Investments

Investments are stated at cost and consist of assigned patronage and subordinated capital certificates from the Rural Telephone Finance Cooperative (RTFC). As a condition of the Company's debt described in Note 4, the Company is required to hold capital certificates in RTFC.

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, accounts payable, and mortgage and notes payable. The Company estimates that the fair value of all of these non-derivative financial instruments at December 31, 2011 and 2010 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, including direct labor, materials, freight, and indirect overhead costs. Maintenance and repairs are charged to operations when incurred. Renewals and betterments are capitalized. The Company provides for depreciation on a straight-line basis over the estimated useful lives of the classes of equipment, buildings, and plant in accordance with rates consistent with industry standards and approved by the RCA. Costs of regulated plant retired are eliminated from utility plant accounts and such costs plus removal expenses, less salvage, are charged to accumulated depreciation.

Upon retirement, sale, or other disposition of nonregulated property, plant, and equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

For construction projects lasting longer than 1 year, the Company follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. In 2011, total interest incurred was [REDACTED] in 2010), of which [REDACTED] was capitalized [REDACTED] in 2010).

Local Service Charges

Revenues are recognized as service is rendered. Monthly service fees derived from basic and local service are billed in advance.

Network Access Revenue

Network access revenue related to interlata and intralata toll service is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Company, charge the long distance carrier for access and interconnection to local facilities. The Company has elected to file access tariffs through the Alaska Exchange Carriers Association (AECA) and the National Exchange Carriers Association (NECA) for these charges. These access tariffs are subject to approval by the RCA for intrastate charges and the FCC for interstate charges.

When network access service revenues have been received pursuant to the settlement and access agreements above, they are divided into traffic sensitive, non-traffic sensitive, and billing and collection portions. The revenues are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Company. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investment maintained.

The Company participates in pooling arrangements with NECA and AECA.

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months (NECA pool only) after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenue, continued

In addition to recoveries from the NECA and AECA pools, the Company also receives revenues from the Universal Service High Cost Loop Fund administered by the Universal Service Administrative Company (USAC). The amount of support received from USAC is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC, and are included in network access revenues in the accompanying financial statements.

On November 5, 2008, the FCC ordered that the requirements adopted for disbursement of high cost universal service support to local exchange carriers do not apply to local exchange carriers operating in Alaska, Hawaii, or any U.S. Territories and possessions.

For the years ended December 31, 2011 and 2010, pooled revenues from NECA represent approximately 42% of the Company's operating revenue. Revenues received from USAC represent approximately 33% and 31% of the Company's operating revenues during 2011 and 2010, respectively.

National Broadband Plan and FCC Order 11-161

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms. The Order, among other things, caps the federal universal service fund at current levels and reforms the current system by putting various limits on capital and operating spending, requiring minimum levels for local rates and capping the per-line support amount at [REDACTED] per month.

The Order also reforms the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Company is 9 years. Recovery will be calculated initially based on the fiscal year 2011 interstate switched access revenue requirement and will decline annually by 5% during the transition period. The Order includes the adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues.

The Order was effective December 29, 2011. However, the reform process will take place in phases and will take several years to complete. Furthermore, the Order includes a Further Notice of Proposed Rulemaking and seeks comments on various items including potentially reducing the interstate rate of return from its current level of 11.25%. As the ultimate outcome of these proceedings is uncertain the full impacts of the Order on the Company cannot be determined or reasonably estimated at this time.

Taxes Imposed by Governmental Authorities

The Company is subject to taxes assessed by various governmental authorities on many different types of revenue transactions with its customers. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Years Ended December 31, 2011 and 2010

Income Taxes

The Company follows accounting standards related to the recognition of uncertain tax positions. These standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be substantiated under examination by a taxing authority. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision when applicable. There are no amounts accrued in the financial statement related to uncertain tax positions.

The Company files income tax returns in the United States and various state and local jurisdictions. The Company's Federal income tax returns for the years ended December 31, 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service, generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period, plus or minus the change in deferred tax assets and liabilities during the period.

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The Company has evaluated subsequent events through March 28, 2012, which is the date the financial statements were available to be issued.

Accounts receivable at December 31 consist of:

Subscribers
Carrier access
Settlements and pooling
Other

Less allowance for doubtful accounts

	2011	2010
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THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 3 - Property, Plant, and Equipment

Listed below are the major classes of property, plant, and equipment and their related annual composite depreciation rates:

	Percent	2011	2010
General support facilities			
Central office equipment			
Information origination/termination equipment			
Cable and wire facilities			

Note 4 - Long-Term Debt

Long-term debt at December 31 consists of the following:

	2011	2010
7.00% to 7.75% mortgage notes payable to RTFC in quarterly installments of [REDACTED], principal and interest, collateralized by substantially all real and personal property, matures February 2021.		
7.50% note payable to Mt. McKinley Bank in monthly installments of [REDACTED], principal and interest, collateralized by a deed of trust, matures July 2012.		
6.00% note payable to Denali Escrow in monthly installments of [REDACTED] principal and interest, collateralized by a deed of trust, matures February 2015.		
8.25% note payable to Spirit of Alaska Credit Union in monthly installments of [REDACTED] principal and interest, collateralized by two snowmobiles, matures December 2012.		
6.50% note payable to Credit Union 1 in monthly installments of [REDACTED] principal and interest, collateralized by a vehicle, matures May 2014.		
9.99% note payable to GMAC in monthly installments of [REDACTED] principal and interest, collateralized by a vehicle, matures December 2013.		
0% note payable to GMAC payable in monthly principal installments of [REDACTED] collateralized by a vehicle, matures May 2012.		
Less Current Portion		
Total Long-Term Debt		

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 4 - Long-Term Debt, continued

To reflect the time value of money, the liability recorded in the financial statements for the 0% note payable to GMAC has been discounted at an imputed interest rate of 6.5%, which was based on current borrowing rates at the time the note was issued. At December 31, 2011, the net unamortized discount is [REDACTED] in 2010).

During 2007, the Parent contracted to purchase work equipment for the benefit of the Company. In addition, the majority shareholder contracted to purchase vehicles and other work equipment for the benefit of the Company. The Company is making the monthly payments to the lenders and is using the vehicles and other work equipment for its regulated operations. Management believes that, despite the named parties on the contracts, the substance of the transactions indicates that the Company has purchased the assets and incurred the liabilities. Accordingly, the assets and debt have been recorded on the books of the Company.

The long-term debt agreement with RTFC contains restrictions on the payment of dividends and the maintenance of defined amounts of working capital after payment of dividends. The long-term debt agreement also contains requirements regarding debt service coverage and other financial ratios, and the timely remittance of semiannual financial information and annual audited financial statements. For the year ended December 31, 2011, the Company was in compliance with all requirements.

Future maturities of long-term debt are as follows:

2012
2013
2014
2015
2016
Thereafter

Total



Note 5 - Income Taxes

Income tax expense (benefit) for the years ended December 31 consists of the following:

	2011	2010
Current:		
Federal		
State		
Benefit of Operating Loss Carryback:		
Federal		
State		
Deferred:		
Federal		
State		
Income Tax Expense		

The provision for income taxes differs from the amount computed by applying the current statutory federal and state income tax rates to earnings before income taxes due to the effects of state taxes (net of federal benefit), nondeductible items, net operating loss deductions, prior year over or under accruals, and the use of accelerated depreciation for income tax purposes.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

Note 5 - Income Taxes, continued

Deferred tax expense is provided for temporary differences in the recognition of revenues and expenses for tax and financial statement purposes.

Deferred income tax asset (liability) consists of the following:

	2011	2010
Tax depreciation in excess of financial statement depreciation		
Accrued paid time off		
Accrued officer compensation		
Accrued employer pension contribution		
Net operating losses		
Deferred Tax Liability		

The Company has federal net operating loss carryforwards of [REDACTED] that expire in 2030 and state net operating loss carryforwards of approximately [REDACTED] that expire in 2030. These may be used to offset future taxable income through 2030.

Note 6 - Related Party Transactions

Accounts receivable includes [REDACTED] in unsecured, non-interest bearing advances to an officer of the Company as of December 31, 2011 and 2010. Accrued expenses include [REDACTED] in accrued officer compensation as of December 31, 2011 and 2010, respectively, as well as [REDACTED] and [REDACTED] of accounts payable to an officer of the Company as of December 31, 2011 and 2010, respectively.

The Company leases office facilities from an officer of the Company for [REDACTED] per month [REDACTED] in 2010). The lease term expires December 31, 2018. Future minimum lease payments associated with the office facilities for the 5 years subsequent to December 31, 2011 are as follows:

2012	
2013	
2014	
2015	
2016	

Lease expense for the year ended December 31, 2011 amounted to [REDACTED] in 2010).

On the balance sheet, the payable to affiliate represents the net amount due to the Parent.

Note 7 - Guaranty Obligations

At December 31, 2011, the Company is guarantor of [REDACTED] in long-term debt owed by the Parent to RTFC. The guarantee is from the purchase of the Company's stock by the Parent in 2000. The Company has secured the Parent's debt with its assets and would be required to perform in the event of the Parent's default on the debt. The Company is currently paying dividends to the Parent on a monthly basis in amounts required to service the Parent's debt payments and other operating expenses. The debt includes interest at 7.50% until maturity in May 2015.

THE SUMMIT TELEPHONE AND TELEGRAPH COMPANY OF ALASKA, INC.**Notes to Financial Statements****Years Ended December 31, 2011 and 2010**

Note 8 - Pension Plans

Simplified Employee Pension - The Company has a Simplified Employee Pension (SEP) retirement plan. For the years ended December 31, 2011 and 2010, the Company made contributions totaling [REDACTED] of the employees' compensation for all eligible employees who worked for the Company 3 months or more. Total pension cost, including amounts charged to construction for 2011 and 2010 amounted to [REDACTED] respectively.

Savings Plan - The Company also has a 401(k) Savings Plan, through the National Telephone Cooperative Association (NTCA). Regular full-time employees who have worked for the Company 3 months or more are eligible to participate in the Savings Plan, which is a tax-qualified defined contribution plan under section 401(k) of the Internal Revenue Code. The Company matches 100% of the employee's contribution up to the first 4% of the employee's compensation. All contributions, including the Company match, are made in cash. Employer contributions, including amounts charged to construction, for 2011 and 2010 amounted to [REDACTED] respectively.

Note 9 - Contingencies

The Company is involved in various regulatory and other legal matters arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.

[REDACTED]